



January 25, 1999

Ms. Judi Johansen, Administrator
[Bonneville Power Administration](#)
P.O. Box 3621, Routing "A"
Portland, OR 97208-3621

Re: BPA's Rate Discount Proposal

Dear Judi:

We appreciate the efforts of Bonneville to adopt a useful and productive conservation and renewable rate discount. We believe an effective rate discount with sufficient funding will serve to continue Bonneville's critical role as federal steward of our region's river and power resources. Our staffs have participated in the many public discussions of the issues around the discount conducted by Terry Esvelt and his staff. We recognize that many of the tradeoffs in the design of the discount are very difficult. But we are concerned about several key issues that call into question the viability and overall desirability of the proposal.

We encourage you to consider a structure that focuses on achievement and we have enclosed some suggestions that do so. We recognize that the BPA discount can not carry the entire burden of public purpose funding. BPA does not supply all the region's power and thirty million dollars is a small fraction of the investment targeted by the Comprehensive Review. So we feel strongly that BPA's discount ought to foster the highest value activities, leverage as much additional funding as possible, and encourage broad participation of large and small utilities.

With that in mind, we are particularly concerned about the dilution or even elimination of cost-effectiveness controls. We believe that BPA rate discounts for energy efficiency should be capped at the value of the energy savings achieved. This will generally encourage results, not just expenditures. In addition, we suggest that Bonneville commit to providing an additional \$10 million in additional funding every year in lieu of the uncertainty of an additional \$15 million dollars of funding in "good" years. Our first two priorities for these additional, committed funds would be low-income weatherization and balancing the expenditures among the three public purposes. We believe this additional funding is essential in order to establish a productive and viable program.

[Please see the attached comments](#) for our recommendations regarding the structure and magnitude of the rate discount proposal.

We look forward to working with you.

John Savage, Administrator
[Oregon Office of Energy](#)

K.C. Golden, Assistant Director
[WA Department of Community, Trade & Economic Development](#)

Eric Bloch, Oregon Council Member
[Northwest Power Planning Council](#)

Tom Karier, WA Council Member
[Northwest Power Planning Council](#)

John Brogoitti, Oregon Council Member
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Larry Cassidy, WA Council Member
[Northwest Power Planning Council](#)

Ron Eachus, Chair
[Oregon Public Utilities Commission](#)

Anne Levinson, Chairwoman
[WA Utilities & Transportation Commission](#)

cc Terry Esvelt, BPA